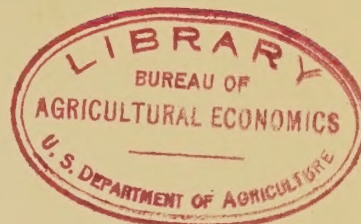


1939 Cotton Marketing Quota Letter No. 18  
1939 General Letter No. 20, Supplement 2

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration  
Washington, D. C.

May 28, 1940



To All Administrative Officers and State Committeemen,  
Agricultural Adjustment Administration,  
Southern Region:

Re: Withholding payments to producers  
violating Regulations Pertaining  
to Cotton Marketing Quotas.

1939 General Letter No. 20 and Supplement 1 thereto provide for the withholding of payments due under the 1939 Agricultural Conservation Program, the 1939 Price Adjustment Program, and the 1940 Agricultural Conservation Program to producers who procured the assignment of an erroneous cotton yield for the farm by using, permitting, procuring, or consenting to the use of any marketing card contrary to the Regulations Pertaining to Cotton Marketing Quotas. This letter and supplement were based on determinations of the Secretary that such a misuse of a marketing card tended to defeat the purposes of such programs.

The above-mentioned determinations have been superseded by the following determination recently made by the Secretary:

"If any person misuses or participates in the misuse of a cotton marketing card or fails to file any report required by or under the regulations pertaining to cotton marketing quotas and such misuse or failure to file such report results in erroneous or incomplete records pertaining to any farm in connection with cotton marketing quotas, no payment shall be made to or retained by such person for performance under the agricultural conservation program, price adjustment program, or parity payment program in effect during the calendar year in which the marketing year, with respect to which such regulations were issued, began and for performance under such programs for the next calendar year, unless and until such records have been corrected and made complete."

Under this determination payments will be withheld from any producer whose misuse of a cotton marketing card or failure or



refusal to file any report in connection with marketing quotas results in erroneous or incomplete records pertaining to cotton marketing quotas. The determination covers but is not confined to the following:

1. Misuse of a cotton marketing card resulting in incorrect or incomplete records pertaining to cotton produced on any farm or to cotton marketed by any producer.
2. Failure or refusal to file a farm operator's report where such failure or refusal results in incorrect or incomplete records pertaining to the cotton produced on any farm by any producer or to cotton marketed in connection with any farm or by any producer or to cotton on hand at the beginning or end of any marketing year.
3. Failure or refusal to file a ginner's report where such failure or refusal results in incorrect or incomplete records pertaining to any farm or producer as regards cotton ginned or purchased in the seed.
4. Failure or refusal to file buyer's general or special reports or remit any penalties collected in connection with cotton marketed to such buyer where such failure or refusal results in incorrect or incomplete records pertaining to any farm or producer.

The determination does not include mere nonpayment of penalties by a producer where the records pertaining to such producer or the farm are otherwise complete. However, penalties remaining unpaid by the producer will be set off against payments due such producer.

If the misuse of a marketing card or failure to file a report is known to the county committee before the producer's application for payment is submitted, the State office shall be informed of such misuse or failure to file a report, so that payment may be withheld. In many cases the misuse or failure to file a report will occur after the application is certified for payment. In such cases the county committee, upon learning of the misuse or failure, shall report such fact to the State office and the name of the person misusing the card or failing to file the report shall be placed on the register of indebtedness, in order that the payment may be withheld, or the amount thereof may be recovered, if previously paid to the producer. If the

records are subsequently corrected and made complete, the county committee should notify the State office to release payment to the producer or to remove his name from the register of indebtedness, as the case may be.

*I. W. Duggan*

I. W. Duggan,  
Director, Southern Division.

